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U.S. DEPARTMENT OF COMMERCE

International Trade Administration

U.S. Multi-Sector Trade Mission to South India and Sri Lanka

Chennai and Cochin, India and Colombo, Sri Lanka February 3-8, 2013

AGENCY: International Trade Administration, Department of Commerce

ACTION: Notice

MISSION DESCRIPTION

The United States Department of Commerce, International Trade Administration (ITA), U.S. and Foreign Commercial Service (CS), along with the U.S. Embassy in Sri Lanka, are organizing a Trade Mission to South India and Sri Lanka from February 3-9, 2013. The purpose of the mission is to introduce U.S. firms to South India's and Sri Lanka's rapidly expanding markets for infrastructure, hospitality, healthcare, and environmental and information technologies.

The mission will tour three cities, Chennai, Cochin (Kochi) and Colombo, where participants will receive market briefings and participate in customized meetings with key officials and potential partners. Trade mission participants will also have the option to participate in additional stops in Bangalore and Hyderabad (both in south India), where CS offices can arrange meetings with private sector developers/partners and state/local government officials.

The mission will help participating firms gain market insights, make industry contacts, solidify business strategies, and advance specific projects, with the goal of increasing U.S. exports of services to India and Sri Lanka. The mission will include one-on-one business appointments

with pre-screened potential buyers, agents, distributors and joint venture partners; meetings with state and local government officials and industry leaders; and networking events. Participating in a CS-organized trade mission delegation, rather than traveling to India and Sri Lanka on their own, will enhance the companies' ability to secure meetings in both countries.

The mission supports President Obama's National Export Initiative (NEI) and its goal of doubling U.S. exports by 2015 to strengthen the U.S. economy and U.S. competitiveness through meaningful job creation. It also supports the International Trade Administration's Growth in Emerging Metropolitan Sectors (GEMS) initiative by visiting areas with strong potential for exports that are not typically visited. The mission will help U.S. companies already doing business to increase their footprint in India and Sri Lanka and realize their export goals.

COMMERCIAL SETTING

India, one of the world's fastest growing economies, presents lucrative opportunities for U.S. companies that offer products and services that could help to meet the nation's rapidly expanding infrastructure and housing needs. India is seeking to invest \$1 trillion in its infrastructure during its 12th Five-Year Plan (2012-2017) and is seeking private sector participation to fund half of this massive expansion through the Public-Private Partnership (PPP) model. The rapid growth of the Indian economy (averaging 8% over the past 10 years, though down as low as 6.4% recently) has created a pressing need for infrastructure development and the country requires significant outside expertise to meet its ambitious targets. U.S. industry is well qualified to supply the kinds of architectural, design and engineering services, and project management skills needed to successfully tackle major initiatives, including the proposed 250-km Bangalore-Chennai

expressway, to be built at a cost of \$1 billion. U.S. clean tech/energy efficient technologies are also well positioned to be deployed in new industrial zones in this chronically energy-deficient country. The Indian electricity sector faces many challenges in trying to meet the ever increasing demand-supply gap. Energy losses in India's transmission and distribution sector exceed 30%, which ranks among the highest rates of energy loss in the world. Investment in India's electricity infrastructure sector will be driven by the need to upgrade out-of-date transmission and distribution systems, reducing electricity theft and increasing energy efficiency. The modernization of India's electric grid and the eventual deployment of smart grid technologies will create opportunities for equipment and service providers from the U.S.

The end of **Sri Lanka's** (CS Chennai is Sri Lanka's Partners Post) long-running civil war in May 2009 has opened a new era of economic opportunities and rebounding economic growth. The Government of Sri Lanka (GSL) has set very ambitious goals for economic development, aspiring to GDP growth rates over 8%, and developing economic hubs in ports, aviation, knowledge, hospitality, leisure/tourism and energy. Compared to other South Asian countries, Sri Lanka is relatively open to foreign investment. It offers a comparatively open financial system, moderately good infrastructure, and a capable workforce.

The private sector-led growth of the economy is expected to continue to expand with the ending of the ethnic conflict and opening up of the north-eastern regions for investment and trade. The government is promoting new destinations in Sri Lanka, and several international hotel brands are planning to enter the hotel industry in Sri Lanka. The transportation sector is estimated to contribute 12% to the country's GDP. While the country's road network is being significantly improved, other areas, including railways, need considerable expansion. The country's

transportation ministry is focused on developing the transport sector, previously neglected during the protracted ethnic conflict, and is looking for investments to develop existing infrastructure.

The government has a particular interest in railway subdivision, and is looking at railways to play a bigger role in the transportation sector in general. Tourism, in particular, relies heavily on transportation – almost one-third of a tourist's in-country expenditures in Sri Lanka are on transport and tour-related services. According to government sources, the transport sector will earn more than \$1 billion per year from tourism alone if tourist arrivals exceed 2 million per year in 2016 as expected. The government has set a target of 2.5 million tourist arrivals by 2016 and the industry estimates it will need an additional 40,000 rooms in the next five years to achieve this target. The current growth and increasing demand in the infrastructure, hospitality and transport sectors will provide opportunities for U.S. companies to expand and grow in these areas.

As Indian and Sri Lankan developers expand their capabilities and construct and connect new industrial facilities, foreign firms often play a major role in design, construction, engineering and management of their signature projects. The Indian and Sri Lankan infrastructure industries are integral parts of their respective economies and conduits for a substantial part of development investment. The infrastructure sector is poised for additional growth due to the dual trends of industrialization and urbanization, and the rising expectations of Indian and Sri Lankan citizens for an improved standard of living as a result of economic development. As a result, there are also tremendous opportunities for U.S. firms in the areas of environmental technologies, IT and healthcare products as India and Sri Lanka boost their infrastructure and building requirements.

Target subsectors holding high potential for U.S. exporters include: urban development projects, airport/port development, hospitals and health care, hospitality, cold storage, multi-family residential and townships, educational, telecom, and oil exploration related services and supplies.

To explore these opportunities the trade mission will visit three cities as described below:

Chennai, Tamil Nadu

Chennai (also known as Madras) is the capital city of the Indian state of Tamil Nadu. Located on the Coromandel Coast off the Bay of Bengal, it is a major commercial, cultural, and educational center in South India; the port of Chennai is the second largest port in India. As of the 2011 census, the city had 4.68 million residents, making it the sixth most populous city in India; the urban agglomeration, which comprises the city and its suburbs, was home to approximately 8.9 million, making it the fourth most populous metropolitan area in the country. According to Forbes magazine, Chennai is one of the fastest growing cities in the world. It has a diversified economic base anchored by the automobile, software services, hardware manufacturing, health care and financial services industries. According to the Confederation of Indian Industry, Chennai is estimated to grow to a \$100 billion economy, 2.5 times its present size, by the year 2025.

Chennai possesses a broad need for all building types, but corporate campuses, education, housing, infrastructure, and master-planning efforts are the most active development sectors. The Chennai realty market has been growing at over 8 per cent a year and there are at least 675 real estate projects underway and 43.5 million square feet of area is awaiting approval for development with the local government in Chennai. The residential real estate market is expected to register strong growth in 2012, primarily on account of improvement in the information technology (IT) sector, and continued economic growth in the region.

Cochin (Kochi), Kerala

Cochin (Kochi) is widely referred to as the commercial capital of Kerala. The availability of electricity, fresh water, long coastline, backwaters, good banking facilities, presence of a major port, container trans-shipment terminal, harbor terminal and an international air terminal are some of the factors which accelerated the industrial growth in the city and its adjoining district. In recent years the city has witnessed heavy investment, making it one of the fastest-growing second-tier metro cities in India. Major business sectors include construction, manufacturing, shipbuilding, transportation/ shipping, seafood and spices exports, chemical industries, information technology (IT), tourism, health services, and banking.

The Cochin Port currently handles export and import of container cargo at its terminal at Willingdon Island. The International Container Transshipment Terminal operating out of Vallarpadam, is India's largest transshipment terminal. The Cochin Port Trust also planning to build an Outer Harbor. Upon completion it will be the largest port in South Asia.

Colombo, Sri Lanka

CS Chennai is the Partner Post for the U.S. Embassy in Sri Lanka. The Partner Post Program is intended to provide the best possible service to American companies seeking assistance in countries where the CS has no presence. Through the Partner Post program, the State Department Economic Section in a non-CS post draws on the specialized advice and experience of a sponsoring CS post to better assist U.S. business clients enter more markets throughout the world.

Compared to other South Asian countries, Sri Lanka is relatively open to foreign investment. It offers relatively transparent financial systems, moderately good infrastructure, and a generally capable workforce. U.S. – Sri Lanka bilateral trade was estimated at \$2.2 billion in 2011, U.S.

exports to Sri Lanka were \$280 million in 2011, and U.S investments in Sri Lanka totaled approximately \$200 million that year.

The end of Sri Lanka's 26-year civil war in May 2009 has ushered in a new era of economic opportunities and strong economic growth. Sri Lanka had two straight years of 8% GDP growth in 2010 and 2011. President Rajapaksha was elected for a second six-year term in January 2010, and President Rajapaksha's Sri Lanka Freedom Party holds a two-third majority in Parliament, giving President Rajapaksha control of the legislative branch as well. With the return of peace, sectors such as construction, telecommunications, tourism and transportation offer enormous opportunities for U.S. companies.

MISSION GOALS

The goals of the Three C – Chennai, Cochin, and Colombo - Trade Mission to South India and Sri Lanka are to provide U.S. participants with first-hand market information, and one-on-one meetings with business contacts, including potential end users and partners, so that they can position themselves to enter or expand their presence in south India and Sri Lanka. As such, the mission will focus on helping U.S. companies to obtain market information, to establish business and government contacts, to solidify business strategies, and/or to advance specific projects.

The mission will also facilitate first-hand market exposure and access to government decision makers and key private-sector industry contacts, including potential partners. It will provide opportunities for participants to have policy and regulatory framework discussions with government officials and private sector representatives in order to advance U.S. company's interests in India and Sri Lanka.

MISSION SCENARIO

The first stop on the mission itinerary is Chennai, where participants will start arriving on Sunday, February 3, 2013. The next day the participants will participate in industry briefings, one-on-one business meetings, and networking lunch meetings with chamber/associations. After lunch, the one-on-one meetings will continue followed by a networking reception. CS Chennai will seize opportunities to tap into the wealth of industry contacts and offer matchmaking, and networking opportunities for the mission members.

On Tuesday morning the delegates will start with a site visit, and depart for Cochin. On Wednesday morning the delegates' program will start with a briefing meeting, followed by one-on-one meetings. Simultaneously, there will be an option to participate in a meeting with the Government of Kerala. At noon, there will be a networking luncheon with local businesses and multipliers. After lunch, the one-on-one meetings will continue. On Thursday morning the delegation will depart for Colombo, Sri Lanka.

Finally, the delegation will visit Colombo, the capital city of Sri Lanka. There the delegation will participate in a reception hosted by the U.S. Ambassador and attend various briefings by Embassy officials and roundtables/workshops with potential Sri Lankan partners, followed by a networking lunch, one-on-one meetings and a debrief meeting. Sri Lanka is envisioned as the gateway to the Indian market and is situated on a geographically ideal route for trade with much of the Middle East and Asia. The Government of Sri Lanka (GSL) has set very ambitious goals for economic development, and developing economic hubs in ports, aviation, knowledge, hospitality, leisure/tourism and energy. The trade mission participants will have the opportunity to participate in briefings, a networking reception, and one-on-one meetings. Through the Partner Post program, State Department colleagues in Sri Lanka have organized CS programs and

services before, as well as two AmCham India trade missions. Embassy Colombo is very supportive of this proposed mission.

Trade mission delegates will also have the option of visiting Bangalore, and Hyderabad for individual one-on-one meetings before the official start of the mission in Chennai and Colombo.

PROPOSED TIMETABLE

Chennai	
Sunday, February 3	<p>Arrive in Chennai</p> <p>Overnight stay at Chennai</p>
Monday, February 4	<p>Breakfast briefing by U.S. Consulate Chennai officials</p> <p>One-on-one business meetings</p> <p>Networking lunch hosted by a Chamber</p> <p>One-on-one business meetings continue</p> <p>Networking reception hosted by U.S. Consul General</p> <p>Overnight stay in Chennai</p>
Chennai/Cochin, Kerala	
Tuesday, February 5	<p>Site visits based on the cluster of industry segments</p> <p>Afternoon travel to Cochin, Kerala</p> <p>Overnight stay in Cochin, Kerala</p>
	Cochin, Kerala

Wednesday, February 6	<p>Introductions from the American Business Corner on “Emerging Opportunities in Kerala – an upcoming State”</p> <p>Meeting/Presentations by Government of Kerala officials</p> <p>One-on-one business meetings</p> <p>Networking lunch with local industry representatives</p> <p>Overnight stay in Cochin</p>
	Cochin/Colombo, Sri Lanka
Thursday, February 7	<p>Mid Morning travel to Colombo</p> <p>Evening networking reception hosted by U.S. Ambassador to Sri Lanka</p> <p>Overnight stay in Colombo</p>
	Colombo, Sri Lanka
Friday, February 8	<p>Breakfast briefing by U.S. Embassy officials in Sri Lanka</p> <p>Roundtable Meetings/Workshop</p> <p>Networking lunch hosted by the Ceylon Chamber of Commerce and Industry (TBC)</p> <p>One-on-one business meetings</p> <p>Debriefing/Wrap-up discussion followed by dinner</p> <p>Mission ends</p>

PARTICIPATION REQUIREMENTS

All parties interested in participating in the trade mission must complete and submit an application package for consideration by the U.S. Department of Commerce. All applicants will

be evaluated on their ability to meet certain conditions and best satisfy the selection criteria as outlined below. A minimum of 12 and maximum of 15 companies will be selected from the applicant pool to participate in the mission.

Fees and Expenses:

After a company has been selected to participate on the mission, a payment to the U.S. Department of Commerce in the form of a participation fee is required. The participation fee is \$4481 for large firms and \$4303 for small or medium-sized enterprises (SME)¹. The fee for each additional representative is \$750. The fee for optional stops in Hyderabad or Bangalore (both in south India) is \$700 per day per city.

Exclusions:

The mission fee does not include any personal travel expenses such as lodging, most meals, local ground transportation, except as stated in the proposed timetable, and air transportation from the U.S. to the mission sites and return to the U.S. Delegate members will, however, be able to take advantage of U.S. Government rates for hotel rooms. Business visas may be required.

Government fees and processing expenses to obtain such visas are also not included in the mission costs. However, the U.S. Department of Commerce will provide instructions to each participant on the procedures required to obtain necessary business visas.

Conditions for Participation:

¹ An SME is defined as a firm with 500 or fewer employees or that otherwise qualifies as a small business under SBA regulations (see http://www.sba.gov/services/contracting_opportunities/sizestandardtopics/index.html). Parent companies, affiliates, and subsidiaries will be considered when determining business size. The dual pricing reflects the Commercial Service's user fee schedule that became effective May 1, 2008 (see <http://www.export.gov/newsletter/march2008/initiatives.html> for additional information).

Applicants must submit a completed and signed mission application and supplemental application materials, including adequate information on the company's products and/or services, primary market objectives, and goals for participation. If the Department of Commerce receives an incomplete application, the Department may either: reject the application, request additional information/clarification, or take the lack of information into account when evaluating the applications.

Each applicant must also certify that the products and services it seeks to export through the mission are either produced in the United States, or, if not, are marketed under the name of a U.S. firm and have at least fifty-one percent U.S. content. In cases where the U.S. content does not exceed fifty percent, especially where the applicant intends to pursue investment and major project opportunities, the following factors, may be considered in determining whether the applicant's participation in the trade mission is in the U.S. national interest:

- U.S. materials and equipment content;
- U.S. labor content; repatriation of profits to the U.S. economy;
- Potential for follow-on business that would benefit the U.S. economy;

In addition, each applicant must:

- Certify that the products and services that it wishes to market through the mission would be in compliance with U.S. export controls and regulations;
- Certify that it has identified to the Department of Commerce for its evaluation any business pending before the Department that may present the appearance of a conflict of interest;

- Certify that it has identified any pending litigation (including any administrative proceedings) to which it is a party that involves the Department of Commerce; and
- Sign and submit an agreement that it and its affiliates (1) have not and will not engage in the bribery of foreign officials in connection with a company's/participant's involvement in this mission, and (2) maintain and enforce a policy that prohibits the bribery of foreign officials.

Selection Criteria for Participation:

Targeted mission participants are U.S. companies providing architectural and/or engineering services, environmental or IT technologies, hospitality/tourism services and healthcare products that have an interest in entering or expanding their business in the Indian and Sri Lankan markets. The following criteria will be evaluated in selecting participants:

- Suitability of a company's products or services to the Indian and Sri Lankan markets.
- Applicant's potential for business in India and Sri Lanka, including likelihood of exports resulting from the mission.
- Consistency of the applicant's goals and objectives with the stated scope of the mission.

Additional factors, such as diversity of company size, type, location, and demographics, may also be considered during the review process.

Referrals from political organizations and any documents, including the application, containing references to partisan political activities (including political contributions) will be removed from an applicant's submission and not considered during the selection process.

TIMEFRAME FOR RECRUITMENT AND APPLICATION

Mission recruitment will be conducted in an open and public manner, including publication in the Federal Register, posting on the Commerce Department trade mission calendar (<http://www.export.gov/trademissions/>) and other Internet web sites, press releases to general and trade media, direct mail, broadcast fax, notices by industry trade associations and other multiplier groups, and publicity at industry meetings, symposia, conferences, and trade shows.

Recruitment for this mission will begin immediately and conclude no later than November 30, 2012. The U.S. Department of Commerce will review applications and make selection decisions beginning December 2012. Applications received after November 30, 2012 will be considered only if space and scheduling constraints permit.

How to Apply:

Applications can be completed on-line at the Trade Mission website or can be obtained by contacting Aileen Nandi at the U.S. Department of Commerce (see contact details below.) Completed applications should be submitted to Aileen Nandi.

CONTACTS

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